

**EVERETT SCHOOL DISTRICT NO. 2**  
**Snohomish County, Washington**  
**September 1, 1994 Through August 31, 1995**

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**Schedule Of Findings**

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1. District Officials Should Improve Controls Over Associated Student Body (ASB) Cash Receipting At The Various School Sites

During our review of the Everett School District's ASB cash receipting process at the various schools, we observed weaknesses and inconsistencies among the schools regarding cash handling procedures. While an ASB procedures manual has been developed, it has not been fully implemented at all of the schools. If the district's ASB procedures manual had been followed many of the weaknesses described below would have been reduced.

- a. ASB Activity Count Sheets: Revenues coming in from ASB activities/clubs were not immediately counted and receipted by the ASB treasurer. Money from these activities was not being counted by two people.

We recommend that the ASB activity revenue be counted by the ASB treasurer in the presence of the student/advisor who delivers the money. An activity count sheet should be prepared by that person. The count sheet should be signed by both parties when the money is counted. The count sheet should be issued in two parts with one part returned to the activity advisor and the second attached to the yellow ASB receipt that is kept with the ASB treasurer.

- b. ASB Receipts: One school was using "Rediform" receipts which had been purchased at a retail outlet store. Serial control over such receipts can be easily compromised since receipts with duplicate numbers can usually be purchased from these same sources. These "Rediform" receipts could not be traced into the bank deposit. In addition, these receipts did not contain a place to indicate whether cash or check had been received. Even when the official district receipts were issued, mode of payment was not always marked. An indication of mode of payment is necessary to assure management that all money is being deposited intact.

We recommend that all of the schools use the district's official prenumbered receipt which should be issued from the business office. We further recommend that mode of payment always be indicated on the receipts. The receipts should be reconciled to the bank deposit by mode of payment. Any discrepancies should be thoroughly investigated.

- c. ASB Altered Receipts: Some of the carbon copy receipts attached to the transmittals had been altered in pen or were made out in pen. There were times when the carbon receipt showed it had been voided or the amount of money received had been changed. There was no explanation as to why the carbon receipt had been altered. Furthermore the original voided receipt had been thrown away.

We recommend the carbon copy receipts not be altered without an appropriate explanation and an authorized signature. These carbon receipts should be replicas of the original receipt that went to the customer. Any changes made or voids should be made on the original receipt and come through to the carbon receipts. The original void should be sent to the business office with the transmittal.

- d. Access To Cash: At some of the school sites we observed that cash was easily accessible. Also receipts were not always written for the cash collected from each of the individual activities.

We recommend that all cash on hand be placed in a limited access area such as a locked drawer or a safe. We further recommend that a receipt be written for each different activity when the money is collected.

- e. Timely Deposits: We found several instances in which there were delays between receipts of the funds at the schools' ASB office and the deposit of that money with the bank. The deposits were delayed from three days to over a week. We also found instances where the checks written to the clubs were dated two weeks prior to the ASB receipt.

We recommend that deposits be made at least every two days between the ASB treasurer and the bank. We further recommend that advisors be depositing money from their various activities/fundraisers to the ASB treasurer on a daily basis.

- f. Student Stores: Periodic inventory counts of merchandise on hand are not being taken. The expected revenue for sales is not being calculated to determine the retail value of these goods sold so it can be compared to the actual revenue received. Without this reconciliation district management cannot be sure that all moneys are being collected and deposited or that all inventory is being safeguarded.

We recommend that appropriate staff members periodically count inventory on hand. These amounts together with the amount of goods purchased can be used to prepare a reconciliation of actual versus expected cash receipts. These reconciliations should be turned in to the ASB supervisor on a periodic basis so discrepancies can be investigated in a timely manner.

- g. Fundraisers: Accountability for fundraising revenue is often inadequate. There was no evidence that a reconciliation was performed to document the relationship between the quantity of items sold and the revenue collected.

We recommend that each fundraiser is supported with a sales reconciliation report. The reconciliation report should also reference the ASB receipts that were issued by the ASB treasurer during the course of the fundraiser. The advisors should turn the reconciliation report into the ASB treasurer at the end of the fundraiser.

- h. Imprest Account: The signer on the imprest account at the schools was sometimes the same person responsible for reconciling the checking account. The account was also not being reconciled to the authorized amount on a monthly basis.

We recommend that the above duties be segregated between two people. We further recommend the imprest account be reconciled on a monthly basis.

Finally, we recommend that district management continue to pursue the implementation of the requirements included in their ASB procedures manual and provide training for all ASB treasurers at the beginning of each school year.

2. District Management Should Strengthen Controls Over Enrollment Reporting And Ensure Accuracy Of Enrollment Reports Submitted To The Superintendent Of Public Instruction (SPI)

Our audit of Everett School District's enrollment reporting for the 1994-95 school year revealed the following conditions:

- a. The district's report P-240a (Report of Private School Students Served by Public Schools) overstated, by 558 hours, the amount of service provided to private school students.
- b. District management did not obtain the required certifications from private school students who received district services.
- c. The district's report P-240b (Report of Home-Based Students Served by Public Schools) understated, by 260 hours, the amount of service provided to home-based students.
- d. The supporting documentation for the enrollment reports was often difficult to find. Detailed lists of students served, services provided, and the associated hours had to be recreated from other sources.

RCW 28A.150.350 states in part:

The superintendent of public instruction shall recognize the costs to each school district occasioned by enrollment of and/or ancillary services provided for part time students . . . and shall include such costs in the distribution of funds to school districts  
. . . .

The authority for Chapter 392-134 WAC is granted by RCW 28A.150.350, which states in part:

The superintendent of public instruction is authorized to adopt rules and regulations to carry out the purposes of RCW 28A.150.260 and 28A.150.350.

WAC 392-134-025 states in part:

Each district shall report to SPI as required the number of hours that courses and/or ancillary services are provided to part-time students . . . .

WAC 392-134-015 states:

Requests for part-time attendance shall be processed by a public school only when made by the student, the student's parent, or the student's guardian. In addition, the enrollment of a part-time public school student who otherwise attends a private school shall be conditioned upon the certification by the student or by the student's parent or guardian as may be required by the public school, that:

- (1) The student is a private school student; and
- (2) The course and/or ancillary service for which enrollment is requested is not available at the private school of attendance.

The conditions were caused by a lack of adequate control and oversight in the district's enrollment reporting department. Enrollment personnel were not aware of the above referenced WAC outlining the requirements for part-time enrollment.

Inaccurate report enrollment data inhibits SPI's ability to properly calculate the state apportionment.

We recommend district management review all of their records to ensure there are no other misstatements, resubmit correct P-240a and P-240b reports to SPI, and improve the controls and record keeping associated with enrollment reporting. Specifically, detailed lists should be retained documenting the students served, services provided, and the associated hours. We further recommend district management obtain the required certifications from private school students currently being served. Obtaining these certifications should be part of the enrollment procedures.